Message Text

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ORIGIN NEA-12

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 AGR-20 DODE-00 PA-04 USIA-15 PRS-01 L-03

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DRAKTED BY:NEA:INS:JELEADER
APPROVED BY:NEA:JJSISCO
NEA:LBLATINGEN
NEA:INS:DKUX
EUR:SOV:MR. ROY

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R 281833Z NOV 73
FM SECSTATE WASHDC
TO AMEMBASSY COLOMBO
INFO AMEMBASSY NEW DELHI
AMEMBASSY MOSCOW
AMEMBASSY ISLAMABAD

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CORRECTED COPY (LINE 1 PARA 3 OMITTED)

E.O. 11652: GDS TAGS: PFOR, CE, US

SUBJ: AMBASSADOR KANAKARATNE CALL ON ASST. SECY. SISCO

1. DURING NOV. 27 CALL ON ASST. SECY SISCO, CEYLONESE AMB KANAKARATNE THANKED USG FOR 20,000 TON PL-480 WHEAT TRANCHE FOR SRI LANKA. SAID THE PRIME MINISTER APPRECIATES THE PL-480 ALLOCATION AS A GESTURE OF AMERICAN GOOD WILL.

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2. SISCO ASKED HOW SRI LANKA SAW ITS ECONOMIC SITUATION AND NEEDS IN THE FUTURE. AMB RESPONDED THAT FOOD REMAINS MOST

PRESSING PROBLEM, SAYING GSL HAS TAKEN DRASTIC MEASURES TO COPE WITH SHORTAGES BUT OPPOSITION IS NOW SAYING THE GOVERNMENT IS ABANDONING POOR. IBRD APPEARS "NOT UNHAPPY" WITH GOVERNMENT'S MEASURES AND GSL HOPES IMF WILL COME TO SIMILAR VIEW. IBRD TEAM GOING TO SRI LANKA THIS MONTH AND CARGILL OF IBRD SAID HE HOPES ANNUAL AID CEYLON GROUP MEETING CAN TAKE PLACE IN MARCH. GSL PLAYING IBRD VISIT IN MANNER WHICH SHOULD PROTECT GOVERNMENT FROM ACCUSATIONS THAT ITS FOOD POLICY MEASURES REPRESENTED CAPITULATION TO IBRD AND IMF PRESSURES.

- 3. AMBASSADOR REPORTED THAT ON POLITICAL SIDE THINGS LOOKED BETTER THAN A MONTH AGO. THE CEYLONESE PUBLIC SEEMED SATISFIED WITH THE BUDGET WHICH RELAXED CONTROLS ON THE PRIVATE SECTOR AND HOPEFULLY WOULD STIMULATE DOMESTIC AND FOREIGN INVESTMENT. PRIME MINISTER THINKS SHE CAN "TAKE THE COUNTRY THROUGH THE NEXT YEAR" BY WHICH TIME THE ECONOMIC REFORMS SHOULD BE SHOWING BENEFICIAL EFFECT. AMBASSADOR SAID SRI LANKA NEVERTHELESS NEEDS FURTHER PL-480 ASSISTANCE AND HE WOULD BE TALKING WITH AID ON THIS MATTER.
- 4. TURNING TO BILATERAL RELATIONS, AMBASSADOR NOTED THAT THE PRIME MINISTER DID NOT RELEASE THE TEXT OF HER OCT. 17 LETTER TO PRESIDENT NIXON ON THE MIDDLE EAST, DECIDING THAT LOW-KEY PLAY OF THE SITUATION WAS PREFERABLE. ALSO ON RECOMMENDATION OF CEYLONESE EMBASSY, SHE DIJ NOT MAKE STATEMENT ON HANCOCK TASK FORCE. SISCO RESPONDED THAT WE HAD NOTED CEYLONESE HANDLING OF THESE ISSUES WITH GRATIFICATION. KANAKARATNE RECALLED HIS EARLY CALLS ON SISCO AND SECRETARY ROGERS WHEN RELATIONS WERE NOT GOOD AND BOTH HAD EMPHASIZED THERE WAS NO NEED FOR CONFLICT IN CEYLONESE-US RELATIONS. SISCO RESPONDED THERE INDEED HAD BEEN REMARKABLE EVOLUTION IN THE RELATIONSHIP. WE HAD SHOWN WHAT TWO COUNTRIES CAN DO THROUGH DEVELOPING GOOD COMMUNICATIONS. THIS WAS MICROCOSM OF HOW THINGS SHOULD BE IN WORLD. SISCO ADDED THAT AMBASSADOR KANAKARATNE HAD SHOWN UTMOST UNDERSTAND-ING OF OUR PROBLEMS AND HE WAS PLEASED USG AND SRI LANKA CONFIDENTIAL CONFIDENTIAL

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HAD DEVELOPED CONFIDENCE ABOUT SOUND MOTIVES OF OTHER.

5. MIDDLE EAST: AMBASSADOR THEN ASKED FOR READING ON MIDDLE EAST AND SOUTH ASIAN SITUATIONS. SISCO RESPONDED THAT CONDITIONS NEVER HAD BEEN MORE FAVORABLE FOR A SETTLE-

MENT BECUASE THERE EXISTED BETWEEN TWO SIDES AN EQUILIBRIUM. THERE WAS NO VICTOR OR VANQUISHED IN WAR, BUBBLE OF ISRAELI INVINCIBILITY WAS BURST AND ARAB LEADERS COULD GO TO NEGOTIATING TABLE WITH SENSE OF RESTORED

PRIDE.

6. SISCO SAID SIX POINT AGREEMENT GOES A LONG WAY TOWARD STABILIZING CEASEFIRE. HIS JUDGMENT WAS THAT CE; SEFIRE WOULD HOLD BECAUSE BOTH SIDES WANT IT TO HOLD AND BECAUSE MILITARY-LEVEL TALKS HAVE BEEN CONSTRUCTIVE AND NON-POLEMICAL. HE DID NOT, HOWEVER, THINK WE COULD EXPECT MILITARY DISENGAGEMENT PRIOR TO THE PEACE CONFERENCE. WE AND SOVIETS ARE SEEKING FORMAL APPROVAL OF PARTIES TO MODALITIES OF PEACE CONFERENCE IN MID-DECEMBER. INITIAL

ATTENDANCE AT FOREIGN MINISTER LEVEL THEN AMBASSADORS TAKE OVER.

- 7. WE PROPOSE WHEN MODALITIES ARE AGREED, UN SECRETARY GENERAL WILL OBTAIN INFORMAL CONCURRENCE OF SECURITY COUNCIL, LATE THIS WEEK OR EARLY NEXT. WE DO NOT THINK ARAB SUMMIT WILL INTRODUCE PROBLEMS; ARABS LIKELY TO FOLLOW SADAT'S LEAD. WE THINK PEACE CONFERENCE CAN BEGIN AS PLANNED IN MID-DECEMBER THOUGH SUBSTANTIVE PROGRESS WILL HAVE TO AWAIT ISRAELI ELECTIONS.
- 8. ON OIL EMBARGO, WE HAVE TOLD ARABS THAT THEY APPARENTLY WANT A POLITICAL SOLUTION OF MIDDLE EAST PROBLEMS; WE HOPE FOR SAME AND ARE PLAYING CONSTRUCTIFE ROLE BUT WE CANNOT DO THAT UNDER THREAT. TO HELP IN SETTLEMENT WE NEED SUPPORT OF AMERICAN PUBLIC AND CONGRESS; THEREFORE WE CANNOT ACT UNDER DURESS. WE MAINTAIN OUR DELIVERY OF CEASEFIRE AND SIX-POINT AGREEMENT IS ENOUGH OF PEG FOR ARABS TO DROP EMBARGO. THIS IS NECESSARY FOR US TO MOVE AHEAD IN SUPPORTING PEACE MOVES. CONFIDENTIAL

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- 9. SOUTH ASIA: SISCO SAID WE ARE STRUCK BY EXTENT OF PUBLICITY GIVEN TO BREZHNEV VISIT TO INDIA IN SOVIET AND INDIAN PRESS. THIS APPARENTLY DESIGNED BY BOTH COUNTRIES TO MAXIMIZE POLITICAL IMPACT AS DEMONSTRATION OF CORDIAL FRATERNAL RELATIONS. SOVIETS PUBLICIZING ASIAN COLLECTIVE SECURITY IDEA; INDIANS SEEM TO BE KEEPING CONCEPT AT ARMS LENGTH. INDIANS WANT MORE SOVIET AID, BUT WE DO NOT THINK THEY WILL GIVE BASES AND FACILITIES TO SOVIETS AS INDUCEMENT.
- 10. IN RESPONSE TO KANAKARATNE'S QUESTIONS, SISCO SAID THAT WE DID NOT SEE SOVIETS' THRUSTING FOR A CORRIDOR TO THE INDIAN OCEAN BUT FOLLOWING POLICY OF OPPORTUNISM. WE THOUGHT SUGGESTION OF AN OVERALL DESIGN OF SOVIETS ON AREA WAS NOT ACCURATE AND WE BELIEVE SOVIETS ACCEPT THE EXISTENCE OF PRESENT PAKISTAN. SISCO AND KANAKARATNE AGREED CURRENT SITUATION WAS NOT OVERLY DANGEROUS FROM

CEYLONESE AND AMERICAN POINTS OF VIEW.

11. COREA NOMINATION TO UNCTAD: AMB SAID ONE OLD PIECE OF BUSINESS WAS QUESTION OF CEYLONESE, GAMANI COREA, AS CANDIDATE FOR UNCTAD SECRETARY GENERALSHIP. SAID HE THOUGHT HIS PROSPECTS WERE GOOD. SISCO SAID HE DID NOT THINK US NEEDED TO DO ANY MORE. KANAKARATNE SAID HE ASSUMED US HAD BEEN HELPKUL AND THEREFORE HE WOULD OFFER HIS THANKS. KISSINGER

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